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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECRET
SECURITY INFORMATION

COUNTRY

Austria

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SUBJECT

Soviet Directive Curtailing
SMV Activities

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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(FOR KEY SEE REVERSE)

1. Building projects of the SMV to be stopped immediately include the barracks and administration buildings projects at Aderklaa and Neusiedl, as well as the warehouse at Auersthal. Work had already begun on all of these projects.
2. A Soviet official has stated that he expects Grigori Siderenko, General Director of the SMV, and several other Soviets, including the SMV's chief bookkeeper¹, to be transferred.
3. Among inefficiencies within the SMV which have come to light during the past few months are the failure to fulfill the production plan and the wasting of time and money on the expansion of drilling units. Drillings have been negative in areas south of the Danube where possibilities of producing oil were believed promising.
4. It is claimed that SMV debts have caused financial difficulties in the USIA organization and that, due to poor coordination between the SMV and USIA, USIA has lost markets, thus becoming almost bankrupt.² The SMV purchased from non-USIA firms and did not coordinate its needs with USIA's production.
5. The consolidation of Drilling Sections I and II into one unit, to be located at Prottes, has allegedly been under consideration. It is also rumored that the employment of 50 percent of all SMV employees will be terminated.

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